



King County

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CHARTER REVIEW COMMISSION

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King County Charter Review Commission
Regional Governance Subcommittee
Briefing Paper – Budget Timeline
King County Charter Section 410
Subcommittee Meeting – Wednesday, December 5, 2007
Chinook Building, 5:00 pm – 7:00 pm

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Introduction

In their September 28, 2007 letter to the Charter Review Commission co-chairs, King County Councilmembers cited recommendations of the Financial Policies Advisory Task Force¹ (Task Force) related to the county annual budget (Appendix 1). They stated that since 1992 the budget has more than quadrupled and become increasingly complex, yet the current budget timeline allows Council no more than 45 days for review of the budget. They referenced the Task Force report that warned that the existing timeframe for Council deliberation may be insufficient.²

In its August 2007 report, the Task Force issued a recommendation for CRC review of the current budget timeline.³ The report cited council staff concerns about the implications of the 2004 change to the charter that allows the County to adopt biennial budgets. It is unclear whether staff and Task Force see a need for an increase in the number of days for Council due diligence if most of the King County budget continues to be processed annually.

The issue before the CRC is whether and how to amend the language in Section 410 to provide Council with reasonable time “to assess, analyze, and make necessary adjustments to the county budget:”

Section 410 Presentation and Adoption of the Budget

At least **seventy-five days** prior to the end of each fiscal year [December 31 is the end of the fiscal year], the county executive shall present to the county council a complete budget and budget message, proposed current expense and capital budget appropriation ordinances, and proposed tax and revenue ordinances necessary to raise sufficient revenues to balance the budget; and at **least thirty days** prior to the end of the fiscal year, the county council shall adopt appropriation, tax and revenue ordinances for the next fiscal year. (Ord. 981 section 1, 1971).

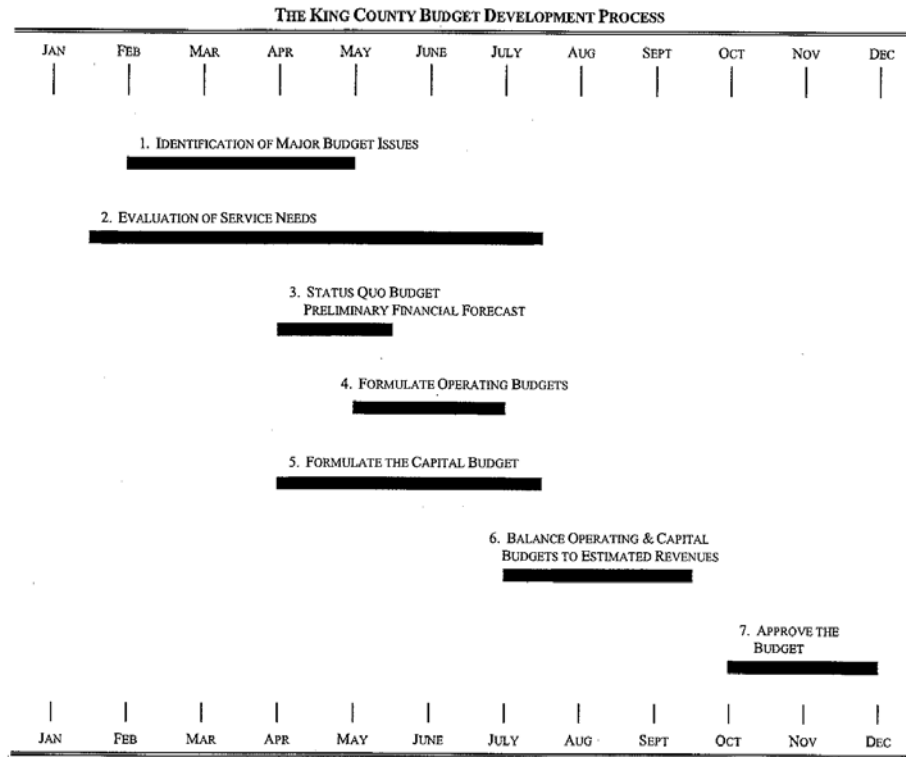
This year, the Executive delivered the budget to Council on October 15, 79 days prior to the end of the fiscal year. The Council adopted the budget on November 19, 42 days prior to the end of the fiscal year. If the Council had waited until the charter deadline of 30 days before the end of the fiscal year, it would have run the risk, if it became necessary to override an Executive veto of the budget, of not having a budget in place by the end of the fiscal year.

¹ In the fall of 2006, the Financial Policies Advisory Task Force was convened to review the financial and debt policies of King County. Task force members were selected based on their knowledge of government budgeting and finances.

² Councilmember Ferguson, Councilmember Hague, Councilmember Constantine, and Councilmember Lambert, September 28, 2007

³ The Task Force issued a second recommendation that the CRC amend Section 475 to remove that portion related to allotments. The Regional Governance Subcommittee has agreed with Council that the allotment system takes significant time and serves no useful purpose (Appendix 2: King County Financial Policies Advisory Task Force: Excerpt from *Issues and Task Force Recommendations*.)

The following timeline is an overview of the King County Budget Process⁴:



⁴The King County 2008 Executive Proposed Budget
CRC Budget
B. Spithill
12/12/2007

State Law

Chapter 36.40 RCW governs certain aspects of the Washington county budget processes in the absence of a home rule charter or if a county home rule charter does not specify otherwise. Specifically, it requires that the board of county commissioners [county legislative body] receive the budget on or before the first Tuesday in September of each year.⁵ By the first Monday in October of each year, county commissioners must hold budget hearings,⁶ although commissioners may meet to hold a public hearing on the first Monday of December.⁷ Under home rule charters, counties may determine their own budget processes and timelines.

Existing Practices in Other Municipalities and Counties⁸

The following table identifies Home Rule Charter counties in Washington State and the number of days in their legislative review periods. With the exception of Clallam County, which follows state law, these counties set their own budget timelines. Three of the counties allow the same number of days for legislative review as set forth in the King County Charter. None of the counties listed here provides for fewer days, although Multnomah County in Oregon allows no less than 30 days for board review of its chair's proposed budget.

Legislative Budget Review Periods

Counties	Population	Budget (billions \$)	Legislative Budget Review Period (days)	As compared to King County (days)
Clallum ⁹	70,400	.085	61	+16
King	1,826,732	4.90	45	=
Pierce	766,878	.86	70	+25
San Juan	15,298	.02	60	+15
Seattle	572,600	3.63	60	+15
Snohomish	669,887	.67	45	=
Whatcom	185,953	.16	45	=

⁵ RCW 36.40.050

⁶ RCW 36.40.070

⁷ RCW 36.40.071

⁸ Council staff question the usefulness of comparisons of King County with other counties that are dissimilar, not only in terms of populations and budgets, but in terms of whether the county executive is elected or appointed. In Los Angeles, Maricopa and Multnomah counties, the executive is not an elective office and therefore is subject to the direction of the county legislature. This greatly simplifies the budget process. This is a substantial difference from King County.

⁹ No charter-mandated timeline; Clallum County follows state law.

Los Angeles	9,519,338	21.8	~63	~+18
Maricopa	3,768,123	2.19	~45	=
Multnomah	681,654	1.20	30	-15

Clallum County

In compliance with state law, Clallum County allows up to 61 days for legislative review of the County Administrator's proposed budget. In November, the County Administrator presents to the Board of Commissioners a balanced recommended budget for all County funds. In late November or early December, the Board of County Commissioners holds public hearings on the budget. State law requires the Board to approve a final budget for the upcoming year by December 31.

Pierce County

Section 6.10 -- Presentation and Adoption of the Budget: At least 100 days prior to the end of each fiscal year, the Executive shall present to the Council a complete budget and budget message. At least 30 days prior to the end of the fiscal year, the Council shall adopt appropriation, tax and revenue ordinances for the next fiscal year.

San Juan

Section 6.10 - Presentation and Adoption of Budgets

(1) At least seventy-five (75) days prior to the end of each fiscal year, the County Administrator shall present to the Legislative Body a complete budget and budget message, proposed current expense and capital budget appropriation resolutions, and proposed tax and revenue resolutions necessary to raise sufficient revenues to balance the budget.

(2) At least fifteen (15) days prior to the end of the fiscal year, the Legislative Body shall adopt appropriation, tax and revenue resolutions for the next fiscal year.

Snohomish

Section 6.20 Presentation of Proposed Budget: At least seventy-five days prior to the end of each fiscal year, the county executive shall present to the county council a complete proposed budget and budget message;

Section 6.50

Consideration and Adoption of the Budget: At least thirty days prior to the end of the fiscal year, the county council shall adopt annual budget, tax and revenue ordinances for the next fiscal year.

Whatcom

Section 6.10 - Presentation and Adoption of Budgets.

At least seventy-five (75) days prior to the end of each fiscal year, the County Executive shall present to the County Council a complete budget and budget

message, proposed current expense and capital budget appropriation ordinances, and proposed tax and revenue ordinances necessary to raise sufficient revenues to balance the budget; and at least thirty (30) days prior to the end of the fiscal year, the Council shall adopt appropriation, tax and revenue ordinances for the next fiscal year.

Seattle

Seattle enacts a biennial budget, so that each year the Seattle City Council adopts the next year's the upcoming year's budget and endorses the subsequent year budget. Revised Code of Washington (RCW) 35.32A requires the Council to enact a budget and provides general guidance and schedule for the Mayor to submit his proposed budget and for Council to review and adopt the budget.¹⁰

The Mayor submits to the City Council his proposed budget in late September. Over the course of the following month, the council holds public hearings and committee meetings in open session to discuss budget requests. In late November (November 19 this year), the City Council adopts the budget. The mayor may sign the budget, veto it, or let it become law without mayoral signature.¹¹ Council review of the budget is about eight weeks.

Los Angeles County, California

On or before June 23rd of each year, the chief administrative officer files with the County's board of supervisors his or her recommended budget. According to county code, as soon as practicable, the board of supervisors makes adjustments in the CAO's budget. On or before June 30th of each year, the board adopts an order approving the budget as adjusted, and this becomes the proposed budget that goes out for public comment.

On or before the July 10th, the board of supervisors conducts public hearings for no more than 10 days. On or before the first day of September of each year, the county auditor prepares and submits to the board of supervisors in the form of form resolution the final budget. The board of supervisors adopts the budget by resolution by September 1 of each year.

This schedule provides approximately nine weeks for legislative review.

Maricopa County, Arizona

On May 1 of each year, the Maricopa County Executive and OMB submit to the county's Board of Supervisors the tentative annual budget for the upcoming fiscal year, which begins on July 1. Within the next week, the board is briefed on the budget and 10 days later, approximately mid-May, the board approves the dollar amount of the budget, which cannot be exceeded in the adopted budget. Over the course of the next month, the board makes adjustments to the details within budget and ensures that it is balanced. In mid-June, the OMB briefs the board. The board continues to deliberate

¹⁰ Seattle City Council website: http://www.seattle.gov/council/Committees/committee_budget.htm

¹¹ Julie Johnson, Administrative Specialist, City of Seattle, 11/30/07.

and at the last board meeting before June 30 (end of the fiscal year), OMB makes a formal presentation and the board adopts the budget.¹²

This schedule provides approximately five weeks for legislative review.

Multnomah County, Oregon

The chair of the Board of County Commissioners (BCC) is comparable to a county executive and proposes the county's annual budget. Unlike the Executive office in King County, however, the Chair is a member of the legislative body that ultimately approves the proposed budget. The Multnomah County budgeting process allows its legislative body, the BCC, no less than 30 days to review and make adjustments to its budget.

By the first week in April, the County Chair finalizes executive decisions and over the next month the budget is processed in-house in preparation for public review. Oregon State law limits the input that the BCC can have in the budgeting process prior to May. In early May, the BCC Chair releases the budget to the BCC for its approval. In this case, approval constitutes a pass-through in order to make the budget available for a public comment and review period, which is approximately a month in duration.

This public review is concurrent with the commission's analysis and adjustment of the county budget, and by mid-June, the Commission adopts the budget. The county commissioners and staff prefer the short timeline, because it forces the commissioners to focus on "the last three percent" that is more heavily debated. The deadline for approval of the budget is set at mid-June, although state law mandates the end of the fiscal year, which is June 30. The BCC schedules budget adoption two weeks prior in order to provide a safety net in the event that commissioners need more time to deliberate.¹³

This schedule provides approximately four-to-five weeks for legislative review.

State of Washington Budget Process

Washington enacts budgets for a two-year cycle, beginning on July 1 of each odd-numbered year. By law, the Governor must propose a biennial budget in December, the month before the Legislature convenes in regular session. The approved budget can be modified in any legislative session through changes to appropriations, which are referred to as supplemental budgets. The following is the state of Washington budget timeline relative to legislative review and approval:

¹² Mark Kuffner, Management and Budget Supervisor, Maricopa County, AZ, 11/30/07

¹³ Christian Elkin, Senior Budget Analyst for Multnomah County, 11/29/07.

December: Governor proposes budget to the Legislature
January: Legislature convenes second Monday of the month
April/May: Legislature passes the budget
May/June: Governor signs the budget
June 30: End of the fiscal year

The Washington State Legislature reviews the Governor's proposed budget from January to April or January to May. In even-numbered years, the Legislature reviews a proposed supplemental budget; in odd-numbered years, the Legislature enacts a biennial budget. For example, in May 2007, the Legislature enacted the state's biennial budget for 2007-2009.

In summary, the state of Washington Legislature deliberates on the Governor's proposed biennial budget for 105 days.¹⁴ Legislative review of supplemental budgets is 60 days. These times are extended if the Legislature goes into special session in order to come to agreement on the Governor's budget.¹⁵

Conclusion

Among the budgets of seven municipalities, other than King County, size and complexity of municipal budgets appear not to be correlated with the length of time provided for legislative review of an executive's budget. As is the case for the King County budget process, Snohomish and Whatcom counties allow no more than 45-days for legislative review of their executives' proposed budgets. Pierce County, the most populous among those counties being compared to King County, allows the most time with 70 days for legislative review. San Juan and Clallam counties provide an additional 15 and 16 days, respectively, for their legislative bodies to review proposed budgets. Finally, Multnomah County's budget process allows for about one month of review by its board and the public.

The state of Washington and the City of Seattle may provide a more comparable process if King County shifts to adopting budgets on a biennium schedule. This analysis of practices in other municipalities provides little guidance on changes that should be made to the charter in order to optimize the number of days for legislative review.

Respectfully submitted by Becky Spithill

¹⁴ Council comment: The governor transmits the budget a month before the legislature begins deliberations. Legislative staff is working on review before the beginning of formal deliberations; therefore, a comparison of the 105 days to King County's 45 days is apples to oranges. The reality is more like 135 days to 45 days.

¹⁵ Laurie Lien, Budget Assistant to Governor Gregoire, 11/30/07.

Appendix 1

Letter from Councilmember Ferguson, Councilmember Hague, Councilmember Constantine, and Councilmember Lambert to Charter Review Commission



King County

Metropolitan King County Council

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September 28, 2007

Mr. Mike Lowry, Co-Chair
Mrs. Lois North, Co-Chair
Charter Review Commission
Executive Office
Columbia Center
701 Fifth Avenue, Suite 3210
Seattle, WA 98104

Dear Co-Chair Lowry and Co-Chair North,

Last fall, the King County Council created the Financial Policies Advisory Task Force, bringing together four public finance experts to review King County's financial policies and ensure that our practices are sound, rational, and support the lowest possible borrowing rates through exceptional creditworthiness and exemplary bond ratings. On September 12, 2007, the Task Force presented its report to a joint meeting of the Capital Budget Committee and the Operating Budget, Fiscal Management, and Mental Health Committee. The report reflected a six-month, comprehensive review of the County's financial policies and contained a number of valuable insights and recommendations. Two of these recommendations involved Charter changes.

First, the Task Force advised that the Charter Review Commission review the current budget adoption timeline as contained in Section 410 of the Charter. Since 1992, the budget has more than quadrupled and become increasingly complex, reaching over \$4 billion in 2007. Moreover, as approved by the voters in 2003, King County may now adopt biennial budgets, and this year, the Council will conduct a pilot program with Metro Transit.

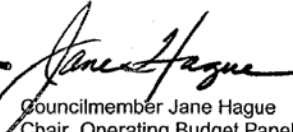
The Charter's current budget timeline requires the Executive to present the budget to the Council 75 days before the end of the calendar year. Council must then adopt the budget 30 days before the end of the year. Effectively, this schedule allows Council only 45 days to assess, analyze, and make necessary adjustments to an increasing large and complex budget. If the County fully shifts to biennial budgeting, the Task Force believes this timeframe may be insufficient to perform due diligence on even more complex two-year budgets.

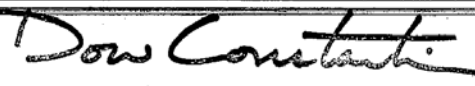
Second, the Task Force recommended that the Commission consider eliminating the allotment requirements contained in Section 475 of the Charter. Concurring with both Council staff and the Executive's Office of Management and Budget, the Task Force found these quarterly estimates of agency spending to provide little value. It is likely that the Council will propose removing these requirements from the King County Charter.

It is our understanding that the Charter Review Commission is examining the budget timing issue in the course of its 2007 Charter Review Process. We wanted you to be aware of these recommendations and would value your insights.

Respectfully,


Councilmember Bob Ferguson
Chair, Operating Budget, Fiscal
Management, and Mental Health Committee


Councilmember Jane Hague
Chair, Operating Budget Panel


Councilmember Dow Constantine
Chair, Capital Budget Panel


Councilmember Kathy Lambert
Panel Vice Chair

Cc: Councilmember Larry Gossett
Councilmember Larry Phillips
Councilmember Julia Patterson
Councilmember Pete von Reichbauer
Councilmember Regan Dunn
Ross Baker, Chief of Staff
Rebecca Cusack, Director of Strategic Policy Initiatives
Nancy Glaser, Interim Policy Staff Director
William Nogle, Lead Staff, Operating Budget, Fiscal Management, and Mental Health
Committee
Nick Wagner, Lead Staff, Committee of the Whole
Mark Yango, Charter Review Commission Coordinator

Appendix 2

King County Financial Policies Advisory Task Force: Excerpt from *Issues and Task Force Recommendations* (pp. 7-8)

**Recommendation:
Charter Review
Commission to
Review Budget
Timing**

- ❖ Staff also highlighted the change to the Charter approved by voters in 2004 that allows the County to adopt biennial budgets. In conjunction, the staff pointed out that the Executive must transmit the proposed budget to the Council at least seventy-five days before the end of the year, and the Council must adopt the budget at least thirty days before the end of the year. This gives the Council at most forty-five days for its budget process. Since Charter Review is currently under way, the Task Force concurs with staff's suggestion that this might be an opportune time to review budget timing. If the County moves to biennial budgeting, forty-five days may not be sufficient time to review a biennial budget. **The Task Force recommends that budget timing be reviewed by the Charter Review Commission. The Council, in the opinion of the Task Force members, may need more than forty-five days for their due diligence on the budget, especially if it is a biennial budget.**

**Recommendation:
Charter Review
Commission to
Review Allotment
System**

- ❖ The Task Force also discussed the allotments provision of the Charter. An allotment is an estimate of what an agency will spend each quarter of the year, and the Executive is required to provide allotments of all agency budgets to the Council. It appears from the Task Force's discussion that the allotment system takes significant time and serves no useful purpose. Council staff noted that they pay little attention to the allotment reports. The Director of the Office of Management and Budget felt the system serves no useful purpose for his office.

The Task Force recommends that the allotment system be reviewed by the Charter Review Commission. Charter Review is an opportune time to possibly delete from the Charter the portion of Section 475 related to allotments if the allotment system serves no significant purpose. Such a change to the Charter would also signal the need for changes to sections of the Code related to allotments.